

## Message Text

CONFIDENTIAL

PAGE 01 JAKART 00829 01 OF 02 181144Z

ACTION EA-09

INFO OCT-01 AF-08 ARA-06 EUR-12 NEA-10 ISO-00 EB-07 FEA-01  
ERDA-05 AID-05 CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00  
FPC-01 H-01 INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01  
PM-04 USIA-06 OES-06 SP-02 SS-15 STR-04 TRSE-00  
ACDA-07 /133 W

-----181154Z 078056 /12

R 180942Z JAN 77

FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC 8791

INFO AMEMBASSY ABU DHABI

AMEMBASSY ALGIERS

AMEMBASSY BONN

AMEMBASSY DOHA

AMEMBASSY CARACAS

AMEMBASSY JIDDA

AMEMBASSY KUALA LUMPUR

AMEMBASSY KUWAIT

AMEMBASSY LAGOS

AMEMBASSY LIBREVILLE

AMEMBASSY LONDON

AMEMBASSY MANILA

AMEMBASSY PARIS

AMEMBASSY OTTAWA

AMEMBASSY ROME

AMEMBASSY SINGAPORE

AMEMBASSY TEHRAN

AMEMBASSY TOKYO

AMEMBASSY TRIPOLI

AMEMBASSY THE HAGUE

AMEMBASSY VIENNA

RUECFUSINT BAGHDAD 29

AMCONSUL MEDAN

AMCONSUL SURABAYA

C O N F I D E N T I A L SECTION 1 OF 2 JAKARTA 0829

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 JAKART 00829 01 OF 02 181144Z

E.O. 11652: GDS

TAGS: ENRG, ID

SUBJECT: PRESIDENT SUHARTO MEETS WITH OIL COMPANIES

1. SUMMARY: BEGIN LIMITED OFFICIAL USE: PRESIDENT SUHARTO  
MET WITH SENIOR EXECUTIVES OF TWENTY-THREE FOREIGN OIL

COMPANIES JANUARY 15 IN EFFORT RESTORE CONFIDENCE IN INDONESIA'S INVESTMENT CLIMATE. EXECUTIVES WERE REASSURED ABOUT FUTURE POLITICAL STABILITY AND INFORMED PERTAMINA CONSIDERING NEW, ADDITIONAL INCENTIVES FOR EXPLORATION. PRESIDENT TOLD COMPANIES THEIR INVESTMENTS NEEDED TO DEVELOP NATIONAL ECONOMY AND TO HELP KEEP INDONESIA STRONG IN ITS FIGHT AGAINST COMMUNISM. COMPANIES GENERALLY FOUND MEETINGS REASSURING BUT THEY ARE WAITING TO SEE POSITIVE ACTION ON PART OF PERTAMINA. END SUMMARY.

2. PRESIDENT SUHARTO MET WITH SENIOR EXECUTIVES, INCLUDING REPRESENTATIVES FROM HOME OFFICES, OF TWENTY-THREE FOREIGN OIL COMPANIES WHICH OPERATE IN INDONESIA AT PRESIDENTIAL PALACE ON JANUARY 15. US, JAPANESE, BRITISH, ITALIAN AND CANADIAN COMPANIES WERE INVITED. (LIST OF INVITEES BEING FORWARDED TO DEPARTMENT.) PROGRAM WAS ARRANGED BY CENTER FOR STRATEGIC AND INTERNATIONAL STUDIES (CSIS) UNDER AEGIS OF PRESIDENTIAL AIDE GENERAL ALI MURTOPO WHO APPARENTLY WAS MOVING FORCE BEHIND IDEA. PROGRAM INCLUDED MORNING BRIEFING AT CSIS, MEETING WITH PRESIDENT AND LUNCHEON HOSTED BY VICE PRESIDENT HAMENGKUBUWONO. MURTOPO GAVE DINNER THAT EVENING AT LOCAL RESTAURANT FOR VISITING VIPS.

3. MEETING STEMMED FROM GROWING GOI AWARENESS THAT COMPANIES RELUCTANT TO SPEND MONEY IN INDONESIA OWING TO UNFAVORABLE CONTRACT TERMS PLUS LACK OF CONFIDENCE IN INDONESIA'S INVESTMENT CLIMATE. FIRST DIRECT WARNING SIGNALS OCCURRED IN OCTOBER/NOVEMBER WHEN COMPANIES CONFIDENTIAL

CONFIDENTIAL

PAGE 03 JAKART 00829 01 OF 02 181144Z

BEGAN PRESENTING THEIR 1977 WORK BUDGETS WHICH, IN SEVERAL INSTANCES, SHOWED ZERO SPENDING FOR NEW EXPLORATION. ACCORDING TO OIL AND GAS DIRECTOR WIJARSO, PRESIDENT SUHARTO BELIEVED THAT DECLINE IN INVESTMENT COULD AFFECT INDONESIAN RESILIENCY AND, AS WIJARSO PUT IT, PERHAPS CREATE POLITICAL SITUATION WHERE "COMMUNISM COULD GO SOUTH." WITHOUT NEW EXPLORATION, OIL PRODUCTION WOULD SOON DIMINISH, THUS CAUSING FOREIGN EXCHANGE AND BUDGETARY EARNINGS TO DIMINISH ALSO. WIJARSO SAID THIS WAS NOW REALIZED BY ALL WITHIN GOI. HENCE CHIEF OBJECTIVE OF MEETING WAS TO GIVE COMPANIES ASSURANCES THAT THEIR INVESTMENTS WERE NEEDED AND WOULD BE PROTECTED OVER LONG TERM. PRESIDENT HOPED TO RESTORE ATMOSPHERE OF CONFIDENCE AND TRUST IN RELATIONS BETWEEN GOI AND OIL COMPANIES. RELATED OBJECTIVE WAS TO PROVIDE COMPANIES "FORUM" SO THEY COULD PRESENT THEIR VIEWS TO PRESIDENT AND OTHER HIGH LEVEL OFFICIALS.

4. ONE-DAY SESSION BEGAN AT 0830 JANUARY 15 WITH

BRIEFINGS AT CSIS. MURTOPO, DAUD YUSUF (CSIS'S DIRECTOR), MINES MIN SADLI, AND PERTAMINA PRESIDENT HARYONO ALL ADDRESSED EXECUTIVES. (MINISTER FOR NATIONAL ECONOMIC DEVELOPMENT WIDJOJO, WHO HAS BEEN IMPORTANT IN RECENT PETROLEUM POLICY MAKING, DID NOT PARTICIPATE IN THIS OR ANY OTHER EVENTS.) MURTOPO, DISCUSSING RELATIONSHIP BETWEEN NATIONAL DEVELOPMENT AND POLITICAL STABILITY, TOLD EXECUTIVES THAT GENERAL ELECTIONS CONSTITUTE "AN ATTEMPT AT CONSOLIDATION OF DEMOCRATIC INSTITUTIONS" RATHER THAN "POLITICAL FIGHT IMBUED WITH POLITICAL ANTAGONISM." MURTOPO STATED THAT "INDONESIAN PEOPLE WANT NATIONAL LEADERSHIP TO REMAIN IN HANDS OF PRESIDENT SUHARTO FOR ANOTHER FIVE-YEAR TERM. THEREFORE, THERE IS NO REASON WHY COMING ELECTIONS SHOULD GIVE CAUSE FOR ANY UNNECESSARY POLITICAL SPECULATION." IT WAS CLEAR THAT MURTOPO WAS DELIVERING MESSAGE TO AUDIENCE BEYOND OIL EXECUTIVES.

CONFIDENTIAL

CONFIDENTIAL

PAGE 04 JAKART 00829 01 OF 02 181144Z

5. SADLI, REFERRING OPEC MEETING DOHA, SAID, FOR INDONESIA, "MODERATION IS THE BEST POLICY." HE STRESSED OPEC WAS STILL STRONG AND COHESIVE COMPARED TO OTHER INTERNATIONAL COMMODITY ORGANIZATIONS. SADLI CALLED UPON COMPANIES TO MAINTAIN CRUDE CONTRACTS WITH TRADITIONAL SUPPLIERS DURING NEXT SIX MONTHS UNTIL OPEC PRICING PROBLEM CAN BE SOLVED. THIS WAY INDONESIA'S INCOME WOULD REMAIN INTACT. SADLI ALSO TOLD COMPANIES THAT RECENT GOI RENEGOTIATIONS OF CONTRACTS WERE NOT YET COMPLETED; GOI/PERTAMINA DEFINITELY CONSIDERING NEW IDEAS ON EXPLORATION INCENTIVES. DISCUSSIONS WOULD BE CONDUCTED THROUGH PERTAMINA. HARYONO SPOKE BRIEFLY ABOUT NEED FOR BETTER COOPERATION BETWEEN PERTAMINA AND CONTRACTORS. HE, LIKE SADLI, INDICATED AWARENESS OF NEED FOR WHAT HE REFERRED TO AS "ADDITIONAL" INCENTIVES.

6. AT PRESIDENTIAL PALACE, SUHARTO, SPEAKING WITHOUT NOTES, BEGAN 40-MINUTE ADDRESS BY TRACING INDONESIA'S RECENT HISTORY, EMPHASIZING STRUGGLE FOR INDEPENDENCE AND CRITICIZING DUTCH ATTITUDE. PRESIDENT THEN TALKED AT LENGTH ON INDONESIA'S INCOME REQUIREMENTS AND NEED TO USE RESOURCES EFFECTIVELY FOR BENEFIT OF PEOPLE. HE REFERRED TO RECENT RENEGOTIATIONS AND THANKED COMPANIES FOR THEIR UNDERSTANDING EVEN IF THEY HAD BEEN RELUCTANT TO AGREE TO NEW TERMS. PRESIDENT TOLD COMPANIES THEIR PARTICIPATION MADE THEM GREATER CONTRIBUTORS TO "OUR CAUSE" IN INDONESIA'S FIGHT AGAINST COMMUNISM. PRESIDENT ALSO EMPHASIZED THAT COMPANIES' LONG-RANGE INTERESTS WOULD BE "PROTECTED" ALTHOUGH HE

DID NOT OFFER ANY SPECIFICS.

CONFIDENTIAL

NNN

CONFIDENTIAL

PAGE 01 JAKART 00829 02 OF 02 181113Z

ACTION EA-09

INFO OCT-01 AF-08 ARA-06 EUR-12 NEA-10 ISO-00 EB-07 FEA-01

ERDA-05 AID-05 CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00

FPC-01 H-01 INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01

PM-04 USIA-06 OES-06 SP-02 SS-15 STR-04 TRSE-00

ACDA-07 /133 W

-----181154Z 077727 /12

R 180942Z JAN 77

FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC 8792

INFO AMEMBASSY ABU DHABI

AMEMBASSY ALGIERS

AMEMBASSY BONN

AMEMBASSY DOHA

AMEMBASSY CARACAS

AMEMBASSY JIDDA

AMEMBASSY KUALA LUMPUR

AMEMBASSY KUWAIT

AMEMBASSY LAGOS

AMEMBASSY LIBREVILLE

AMEMBASSY LONDON

AMEMBASSY MANILA

AMEMBASSY PARIS

AMEMBASSY OTTAWA

AMEMBASSY ROME

AMEMBASSY SINGAPORE

AMEMBASSY TEHRAN

AMEMBASSY TOKYO

AMEMBASSY TRIPOLI

AMEMBASSY THE HAGUE

AMEMBASSY VIENNA

USINT BAGHDAD

AMCONSUL MEDAN

AMCONSUL SURABAYA

C O N F I D E N T I A L SECTION 2 OF 2 JAKARTA 829

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 JAKART 00829 02 OF 02 181113Z

7. FOLLOWING PRESIDENT'S SPEECH, COMPANIES WERE INVITED TO ASK QUESTIONS, THERE WERE NONE. MOBIL REP (MASSAD) THANKED PRESIDENT FOR OPPORTUNITY TO MEET WITH AND HEAR HIS VIEWS. JAPEX PRESIDENT (YOSHIOKA) THEN DELIVERED WHAT APPEARED TO OTHERS AS CAREFULLY REHEARSED SPEECH. HE STATED THAT CHANGE IN TERMS REPRESENTED

GREAT ACCOMMODATION BY COMPANIES TO WISHES OF GOI. JAPEX, HE SAID, HOPED GOI WOULD RECOGNIZE THIS AND REFRAIN FROM FURTHER UNILATERAL ACTIONS. COMPANY EXECUTIVES THEN HAD BRIEF ONE OR TWO MINUTE SESSION WITH PRESIDENT AS THEY FILED FROM ROOM. PRESIDENT NODDED IN RESPONSE TO THEIR COMMENTS BUT NO SERIOUS DISCUSSION TOOK PLACE. COMPANIES LEFT COPIES OF POSITION

PAPERS WITH MINISTER OF STATE SUDHARMONO WHO INDICATED THESE WOULD BE STUDIED BY CSIS. EXECUTIVES THEN BOARDED BUSES FOR LUNCHEON AT MINI INDONESIA HOSTED BY VICE PRESIDENT HAMENGKUBUWONO. MURTOPO PUT ON DINNER IN EVENING AT LOCAL RESTAURANT TO CLOSE PROGRAM. END LIMITED OFFICIAL USE.

8. BEGIN CONFIDENTIAL: COMPANIES GENERALLY WERE SATISFIED WITH MEETING ALTHOUGH SOME WERE UNHAPPY ABOUT NOT HAVING OPPORTUNITY TO MEET INDIVIDUALLY WITH PRESIDENT. THIS LATTER POINT CAUSED MUCH CONFUSION AMONG COMPANIES AS WELL AS AMONG ORGANIZERS. INITIALLY, IT WAS THOUGHT EACH COMPANY WOULD HAVE PRIVATE SESSION WITH PRESIDENT. AS LIST OF PARTICIPANTS GREW, IT BECAME DOUBTFUL THIS COULD BE ACCOMPLISHED DURING ALLOCATED TIME. GAME PLAN THEN CALLED FOR "SOME" OF COMPANIES TO MEET PRIVATELY BUT THIS IDEA WAS SHELVED AT LAST MINUTE BECAUSE OF PROTOCOL REASONS. WHILE THERE WAS CONCERN ABOUT TIMING, FORMAT AND MOTIVES OF MEETING, COMPANIES PERCEIVED THEY HAD LITTLE CHOICE BUT TO MAKE BEST OF CONFIDENTIAL

CONFIDENTIAL

PAGE 03 JAKART 00829 02 OF 02 181113Z

IT. MOST FELT THAT, IF NOTHING ELSE, THEY SUCCEEDED IN OBTAINING ATTENTION OF SUHARTO HIMSELF WHOSE PRESENCE WAS INTERPRETED BY MOST AS MEANING "I HEAR YOU AND I UNDERSTAND YOUR PROBLEMS." CALTEX, FOR INSTANCE, REFERRED TO MEETING IN DISPATCH TO HOME OFFICES AS "REASSURING." THIS CAUTIOUS OPTIMISM, HOWEVER, IS TEMPERED BY COMPANIES' DESIRE NOW TO SEE POSITIVE ACTION FROM GOI/PERTAMINA. MANY COMPANIES ARE TAKING ADVANTAGE OF PRESENCE OF HIGH-LEVEL EXECUTIVES TO HOLD FOLLOW-UP MEETINGS WITH PERTAMINA AND WITH MINES MINISTER SADLI IN

EFFORT MAINTAIN MOMENTUM.

9. ONE INTRIGUING ASPECT OF THIS AFFAIR WAS ROLE OF ALI MURTOPO. HIS INVOLVEMENT RAISED DOUBTS IN MINDS OF SEVERAL COMPANY PARTICIPANTS ABOUT POSSIBLE NON OIL-RELATED MOTIVES OF MEETING. MURTOPO'S PRESENCE ALSO CREATED SOME CONFUSION ABOUT PERTAMINA'S ROLE IN SESSION. PERTAMINA PRESIDENT HARYONO APPEARED TO HAVE ONLY SMALL PART IN PROCEEDINGS. MINES MINISTER SADLI ALSO REPORTEDLY QUITE UNHAPPY ABOUT BEING LEFT OUT OF PLANNING AND ORGANIZING OF EVENTS. COMPANIES RECOGNIZED, HOWEVER, THAT MURTOPO AND CSIS REPRESENTED ANOTHER CHANNEL WHICH WOULD BE USEFUL IN TRANSMITTING COMPANY VIEWS TO PRRESIDENT.  
NEWSOM

CONFIDENTIAL

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** BUSINESSMEN, PETROLEUM, INVESTMENT CLIMATE, POLITICAL STABILITY, EXPLORATION, MEETING REPORTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Sent Date:** 18-Jan-1977 12:00:00 am  
**Decaption Date:** 01-Jan-1960 12:00:00 am  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1977JAKARTA00829  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D770018-0374  
**Format:** TEL  
**From:** JAKARTA  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1977/newtext/t19770142/aaaabkuq.tel  
**Line Count:** 293  
**Litigation Code IDs:**  
**Litigation Codes:**  
**Litigation History:**  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Message ID:** 987e47d5-c288-dd11-92da-001cc4696bcc  
**Office:** ACTION EA  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 6  
**Previous Channel Indicators:** n/a  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
**Review Date:** 12-Nov-2004 12:00:00 am  
**Review Event:**  
**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 3574440  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** PRESIDENT SUHARTO MEETS WITH OIL COMPANIES  
**TAGS:** ENRG, ID, (SUHARTO)  
**To:** STATE  
**Type:** TE  
**vdkgvwkey:** odb://SAS/SAS.dbo.SAS\_Docs/987e47d5-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009